

Village of Burr Oak

Financial Statements

March 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Village of Burr Oak	County* St. Joseph	Type* VILLAGE	MuniCode* 75
Opinion Date-Use Calendar* 8-23-08	Audit Submitted-Use Calendar* Sept. 30, 2008	Fiscal Year End Month* MARCH	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies?
	<input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ? 266585
General Fund Expenditure:	<input type="checkbox"/> ? 411484
Major Fund Deficit Amount:	\$ <18428

General Fund Balance:	<input type="checkbox"/> ? 430272
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ? N/A

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* David	Last Name* Locey	Ten Digit License Number* 1101012773		
CPA Street Address* 67036 N. M-46	City* Sturgis	State* MI	Zip Code* 49091	Telephone*
CPA Firm Name* David F. Locey, CPA	Unit's Street Address*	Unit's City*	Unit's Zip*	

VILLAGE OF BURR OAK

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David F. Locey, C.P.A., P.C.

P.O. Box 7037
67036 N. M-66
Sturgis, Michigan 49091

666 C-1 E. Main Street
Centreville, MI 49032

Phone (269) 651-4225
Fax (269) 651-1989

Phone (269)-467-4861
Fax (269)-467-4863

Independent Auditor's Report

To the Village Board
Village of Burr Oak
Burr Oak, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Burr Oak, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Burr Oak, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in the Notes to the Financial Statements, management has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Village of Burr Oak, Michigan, as of March 31, 2008, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Burr Oak, Michigan as of March 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'D. Locey', with a long, sweeping horizontal stroke extending to the right.

David F. Locey, CPA, PC
August 23, 2008

Village of Burr Oak
Combined Balance Sheet
All Fund Types and Account Groups
March 31, 2008

	Governmental Fund Types		Proprietary Fund Types	Account Groups	Total (Memorandum Only)
	General	Special Revenue	Water and Sewer	General Fixed Assets	Reporting Entity
ASSETS					
Cash & cash equivalents	\$367,806	\$336,102	\$531,365	\$0	\$1,235,273
Receivables					
Taxes/services	17,716	7,637	35,814	0	61,167
Due from state	17,997	12,353	0	0	30,350
Due from other funds	50,929	63,485	12,622	0	127,036
Deferred charges	20,341	8,683	5,509	0	34,533
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	3,750,159	802,586	4,552,745
Total Assets	\$474,789	\$428,260	\$4,335,469	\$802,586	\$6,041,104
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable - payroll	\$5,956	\$1,189	\$13,884	\$0	\$21,029
Accrued liabilities	5,267	0	34,344	0	39,612
Due to other funds	33,294	60,517	33,225	0	127,036
Other liabilities - bonds	0	0	2,673,300	0	2,673,300
Total Liabilities	44,517	61,706	2,754,753	0	2,860,976
Fund Equity					
Investment in Fixed Assets	0	0	0	802,586	802,586
Contributed Capital	0	0	4,577,396	0	4,577,396
Retained earnings					
Reserved	0	0	0	0	0
Unreserved	0	0	(2,996,681)	0	(2,996,681)
Fund Balances					
Unreserved - Undesignated	430,272	366,554	0	0	796,826
Total Fund Equity	430,272	366,554	1,580,715	802,586	3,180,127
Total Liabilities and Fund Equity	\$474,789	\$428,260	\$4,335,469	\$802,586	\$6,041,104

Village of Burr Oak
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended March 31, 2008

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	Reporting Entity
Revenues			
Taxes and Penalties	\$125,192	\$35,493	\$160,685
Licenses and Permits	3,778	0	3,778
State Grants	100,459	70,026	170,485
Fines and Forfeits	1,644	0	1,644
Interest and Rentals	29,590	7,128	36,718
Other Revenue	5,922	55,372	61,294
Total Revenues	266,585	168,019	434,604
Expenditures			
Current			
Legislative	4,240	0	4,240
General Government	234,559	0	234,559
Public Safety	133,324	37,247	170,571
Public Works	25,486	101,099	126,585
Recreation and Cultural	13,875	0	13,875
Total Expenditures	411,484	138,346	549,830
Excess of Revenues Over (Under) Expenditures	(144,899)	29,673	(115,226)
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers (Out)	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(144,899)	29,673	(115,227)
Fund Balance - Beginning of the Year	575,171	336,880	912,051
Fund Balance - End of the Year	\$430,272	\$366,553	\$796,825

Village of Burr Oak
Combined Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual
General Fund and Special Revenue Funds
For the Year Ended March 31, 2008

	General Fund		
	Budget	Actual	Over (Under) Budget
Revenues			
Taxes and Penalties	\$114,204	\$125,192	\$10,988
Licenses and Permits	3,480	3,778	298
State Grants	99,204	100,459	1,255
Fines and Forfeits	504	1,644	1,140
Interest and Rentals	20,496	29,590	9,094
Other Revenue	3,720	5,922	2,202
Total Revenues	<u>241,608</u>	<u>266,585</u>	<u>24,978</u>
Expenditures			
Current			
Legislative	6,060	4,240	(1,820)
General Government	265,740	234,559	(31,181)
Public Safety	137,617	133,324	(4,293)
Public Works	30,828	25,486	(5,342)
Recreation and Cultural	16,188	13,875	(2,313)
Total Expenditures	<u>456,433</u>	<u>411,484</u>	<u>(44,949)</u>
Excess of Revenues Over (Under) Expenditures	<u>(214,825)</u>	<u>(144,899)</u>	<u>(19,971)</u>
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers (Out)	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(214,825)</u>	<u>(144,899)</u>	<u>(19,971)</u>
Fund Balance - Beginning of the Year	<u>575,171</u>	<u>575,171</u>	<u>0</u>
Fund Balance - End of the Year	<u><u>\$360,346</u></u>	<u><u>\$430,272</u></u>	<u><u>(\$19,971)</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Special Revenue Funds			Total (Memorandum Only) Reporting Entity		
Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
\$28,452	\$35,493	\$7,041	\$142,656	\$160,685	\$18,029
0	0	0	3,480	3,778	298
68,280	70,026	1,746	167,484	170,485	3,001
0	0	0	504	1,644	1,140
3,612	7,128	3,516	24,108	36,719	12,611
57,396	55,372	(2,024)	61,116	61,294	178
157,740	168,019	10,279	399,348	434,605	35,257
0	0	0	6,060	4,240	(1,820)
0	0	0	265,740	234,559	(31,181)
57,408	37,247	(20,161)	195,025	170,571	(24,454)
93,672	101,099	7,427	124,500	126,585	2,085
0	0	0	16,188	13,875	(2,313)
151,080	138,345	(12,735)	607,513	549,829	(57,684)
6,660	29,674	(2,456)	(208,165)	(115,225)	(22,427)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
6,660	29,674	(2,456)	(208,165)	(115,225)	(22,427)
336,880	336,880	0	912,051	912,051	0
\$343,540	\$366,554	(\$2,456)	\$703,886	\$796,827	(\$22,427)

Village of Burr Oak
Combined Statement of Revenues, Expenditures and Changes in Retained Earnings
Proprietary Fund Types
For the Year Ended March 31, 2008

	Proprietary Fund Types		Total (Memorandum Only)
	Water	Sewer	Reporting Entity
Operating Revenues			
Interest income	\$12,110	\$9,728	\$21,838
Charges for services	172,559	230,668	403,228
Total Operating Revenues	184,669	240,396	425,066
Operating Expenses			
Administration	9,964	9,781	19,745
Salaries and wages	16,820	11,235	28,054
Fringe benefits	5,185	5,340	10,525
Contractual services	0	74,403	74,403
Miscellaneous	36,750	31,305	68,055
Depreciation	137,321	212,783	350,104
Total Operating Expenses	206,040	344,848	550,887
Operating Income	(21,371)	(104,452)	(125,820)
Nonoperating Revenues			
Interest expense	82,396	35,753	118,149
Net Income	(103,768)	(140,204)	(243,969)
Retained Earnings/Fund Balance - Beginning of Year	106,230	(2,858,939)	(2,752,710)
Retained Earnings/Fund Balance - End of Year	\$2,462	(\$2,999,144)	(\$2,996,679)

Village of Burr Oak
Combined Statement of Cash Flows - All Proprietary Fund Types
Increase (Decrease) in Cash and Cash Equivalents
For the Year Ended March 31, 2008

	Proprietary Fund Types		Total (Memorandum Only)
	Water	Sewer	Reporting Entity
Cash Flows From Operating Activities			
Cash Charges for Services	\$171,971	\$225,904	\$397,875
Cash Payments to Employees for			0
Services and Cash Payments to			0
Suppliers for Goods and Services	(155,530)	(170,970)	(326,500)
Net Cash Provided by Operating Activities	16,441	54,934	71,375
Cash Flows From Noncapital Financing Activities			
Transfer In	0	(100,226)	(100,226)
Transfers (Out)	0	0	0
Grants Receipts	0	0	0
Sale of Bonds	31,300	0	31,300
Net Cash Provided by Noncapital Financing Activities	31,300	(100,226)	(68,926)
Cash Flows From Capital and Related Financing Activities			
Payment of Principal - Expense	0	0	0
Net Cash Provided by Capital and Related Financing Activities	0	0	0
Cash Flows From Investing Activities			
Interest on Cash Equivalents	12,110	0	12,110
Investment - Equipment - Infrastructure	(51,390)	9,728	(41,662)
Net Cash Provided by Investing Activities	(39,280)	9,728	(29,552)
Net Increase in Cash and Cash Equivalents	8,461	(35,564)	(27,103)
Cash and Cash Equivalents at Beginning of the Year	293,892	264,576	558,468
Cash and Cash Equivalents at End of the Year	\$302,353	\$229,012	\$531,365

The Notes to the Financial Statements are an integral part of this statement.

Combined Statement of Cash Flows - All Proprietary Fund Types
Increase (Decrease) in Cash and Cash Equivalents (Continued)

	Proprietary Fund Types		Total (Memorandum Only)
	Water	Sewer	Reporting Entity
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$33,555	\$72,579	\$106,134
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Decrease (Increase) in Accounts Receivable	6,364	5,192	11,556
Decrease (Increase) in Nonoperating Income	12,110	0	12,110
Increase (Decrease) in Accounts Payable	0	(32,565)	(32,565)
Increase (Decrease) in Other Accrued Expenses	(35,588)	0	(35,588)
Increase (Decrease) in Nonoperating Income	0	9,728	9,728
Net Cash Provided by Operating Activities	<u>\$16,441</u>	<u>\$54,934</u>	<u>\$71,375</u>

Village of Burr Oak
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Village of Burr Oak is located in St. Joseph County and provides services in many areas including public safety, highways and streets, general administrative services, and community enrichment.

PRINCIPLES USED IN DETERMINING THE SCOPE OF ENTITY FOR FINANCIAL REPORTING PURPOSES
REPORTING ENTITY

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board Statement #14 "The Financial Reporting Entity". The Village of Burr Oak, Michigan operates under a council form of government. The accompanying financial statements present the Village's primary government and component units (none) over which the Village exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationship with the Village of Burr Oak.

The major operations of the Village include water, sewer, fire protection, street department, and general administrative services.

Criteria – primary vs. component unit (none)
Oversight Responsibilities

- A. Financial interdependency – responsibility for financial deficits or entitlement to surpluses
- B. Selection of governing authority
- C. Designation of management
- D. Ability to significantly influence operations
- E. Accountability for fiscal matter

BASIS PRESENTATION

FUND ACCOUNTING

The accounts of the Village of Burr Oak are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Village of Burr Oak
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (cont'd)

The funds are grouped into two fund types and eight generic funds as described below:

GOVERNMENTAL FUND TYPES

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund – This fund is established to account for resources devoted to financing the general services that the Village performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Village are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds – The Village of Burr Oak has four Special Revenue Funds, the Major Street Fund, the Local Street Fund, the Municipal Street Fund, and the Fire Fund. These funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trust, or major capital projects that are legally restricted to expenditures for specified purposes.

PROPRIETARY FUND TYPES

These funds account for operations that are self-supporting through user charges. The funds included in this category are Enterprise Funds.

Enterprise Funds – The Village of Burr Oak has two enterprise funds, the Water Fund and the Sewer Fund. These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of provided goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

GENERAL FIXED ASSETS ACCOUNT GROUP

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise Funds.

BASIS OF ACCOUNTING

Governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues are recorded as revenues when received in cash. General property taxes, self-assessed taxes, and investment earnings are recorded when earned (when they are both measurable and available), within sixty days.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, prepaid expenses, and other long-term obligations which are recognized when paid.

Village of Burr Oak
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (cont'd)

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Interest on revenue bonds, proceeds of which are used in financing the construction of certain assets, is capitalized during the construction period net of interest on the investment of unexpected bond proceeds.

BUDGETARY DATA

Formal budgetary accounting is employed as a management control for all funds of the Village. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund, Special Revenue Funds, and Proprietary Funds and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis.

All unencumbered budget appropriations lapse at the end of each fiscal year, council adopted fiscal year 3/08 budget in 3/07.

Village board amended various budget items from originally adopted amounts, approved in minutes of the meetings. Budgeted data is in total, not a line item basis, under this method certain line items may exceed budgeted amount but not in total.

ASSETS, LIABILITIES, AND FUND EQUITY

Cash – Some funds have established their own checking accounts. To facilitate better management of the Village's cash resources, some cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount.

Property, Plant, and Equipment – Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges are not capitalized. Property, plant, and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditures and capitalized at cost in the General Fixed Assets Account Group. Property, plant, and equipment acquired for proprietary funds is capitalized in the respective funds to which it applies. Property, plant, and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Village of Burr Oak
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (cont'd)

Depreciation is recorded over the useful life of assets –

Sewer Fund	10 – 40 years	Water Fund	20 years
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Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on proprietary funds' balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

Fund equity – The unreserved fund balance for governmental funds represents the amount available for budgeting future operations.

REVENUE RECOGNITION

Property tax revenue recognition – The local unit property tax is levied on each July 1 on the state equalized valuation of property located in the Village of Burr Oak as of the preceding December 31. These amounts are recognized in the respective general fund and special revenue fund financial statements as taxes receivables or current tax collection.

TOTAL COLUMN ON COMBINED STATEMENTS – OVERVIEW

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or changes in financial position, in conformity with generally accepted accounting principles, also is not data comparable to a consolidation because interfund eliminations have not been made in the aggregation of this data.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Village of Burr Oak
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (cont'd)

CASH AND CASH EQUIVALENTS

Deposits are carried at cost. Deposits of the Village are at one bank in the name Village of Burr Oak. Michigan Compiled Laws (MCL), Sections 129.91, authorizes a local unit to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States in which principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan Law prohibits security in the form of collateral, security bonds, or other forms for the deposit of public money.

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Governmental Accounting Standards Board (GASB) Statement No. 3, risk disclosures for the Village's cash deposits are as follows:

<u>Deposits</u>	<u>Primary Government Carrying Amount</u>
Insured (FDIC)	\$ 100,000
Uninsured	<u>1,135,271</u>
Total Deposits	<u>\$ 1,235,271</u>

All investments(money market accounts) with maturates of 90 days or less are considered a cash equivalent.

Village of Burr Oak
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2008

FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/08</u>
Land	\$ 25,008	\$ 0	\$ 0	\$ 25,008
Buildings	103,267	0	0	103,267
Improvements other than Buildings				
Equipment	<u>622,921</u>	<u>51,390</u>	<u>0</u>	<u>674,311</u>
Total	<u>\$751,196</u>	<u>\$ 51,390</u>	<u>\$ 0</u>	<u>\$802,586</u>

DEPRECIABLE ASSETS – PROPRIETARY FUND

	<u>Cost</u>	<u>Acc. Deprec.</u>	<u>Undeprec. Cost</u>
Sewer Fund	\$3,545,795	\$3,319,929	\$ 225,866
Water Fund	<u>3,845,000</u>	<u>320,707</u>	<u>3,524,293</u>
	<u>\$7,390,795</u>	<u>\$3,640,636</u>	<u>\$3,750,159</u>

Current year depreciation changes were \$350,104.

BONDS PAYABLE – NOTES PAYABLE – SEWER FUND

BOND INDENTURE

Farmers Home Administration – Sewer fund is covered by a bond debt for infrastructure and equipment, current balance as of March 31, 2008, is \$675,000, \$13,000 is due within one year plus interest semi annually on March 1 and September 1. Original balance was \$797,000.

Village of Burr Oak
Notes to Financial Statements
For the Fiscal Year Ended Mar 31, 2008

ISSUE DATE SEPTEMBER 1, 1993 IN THE AMOUNT OF	\$797,000
Less: Bonds paid in prior years	110,000
Bonds due and paid on September 1, 2007	<u>12,000</u>
Balance outstanding - March 31, 2008	<u>\$675,000</u>

Bonds payable as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2008	13,000	2021	25,000
2009	14,000	2022	27,000
2010	14,000	2023	28,000
2011	15,000	2024	30,000
2012	16,000	2025	31,000
2013	17,000	2026	33,000
2014	18,000	2027	35,000
2015	19,000	2028	36,000
2016	20,000	2029	37,000
2017	21,000	2030	39,000
2018	22,000	2031	39,000
2019	23,000	2032	39,000
2020	24,000	2033	<u>40,000</u>
			<u>\$675,000</u>

The above Sewer Supply System Revenue Bonds are payable annually on September 1, with interest at 5.25% payable March 1 and September 1.

Principal of this bond is subject to prepayment prior to maturity, in inverse chronological order, at the issuer's option, on any interest payment date on or after September 1, 2007, accrued interest to the date fixed for prepayment.

The sewer fund's resources are the source of funds to repay the long-term debt of the bonds.

Village of Burr Oak
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2008

Water Fund – Construction

Bonds payable as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2008	20,000	2026	45,000
2009	22,000	2027	47,000
2010	23,000	2028	49,000
2011	24,000	2029	52,000
2012	25,000	2030	53,000
2013	26,000	2031	57,000
2014	27,000	2032	59,000
2015	28,000	2033	61,000
2016	29,000	2034	63,000
2017	30,000	2035	66,000
2018	31,000	2036	69,000
2019	33,000	2037	71,000
2020	35,000	2038	75,000
2021	37,000	2039	80,000
2022	37,000	2040	83,000
2023	40,000	2041	85,000
2024	41,000	2042	90,000
2025	43,000	2043	93,000
		2044	97,000
		2045	101,000
		2046	51,300
			<u>\$1,998,300</u>

The Village has undertaken a water improvement project, expected to cost \$3,845,000 of which \$1,998,300 will be funded by bonds and the balance in the form of a grant.

As of March 31, 2008, all of the \$1,998,300 of the bond indebtedness has been drawn against construction costs. Semiannual payments on May 1 and November 1 are due with interest and principal per the schedule above. Interest on indebtedness is 4.125%.

Village of Burr Oak
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2008

SEGMENT INFORMATION FOR PROPRIETARY FUNDS

Village operates a municipal water department and a sewer operation also.

Water department bills local businesses and residences on a monthly basis, depreciation is on a straight line basis of 10 to 40 years depending on type of asset. The Village has operational sewer infrastructure, they do not have a treatment plant, it is piped into Sturgis, Michigan.

The Village maintains two proprietary funds which provide water and sewer services. Segment information for the year ended March 31, 2008 was as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total Proprietary Funds</u>
Operating Revenues (Deficit)	\$ 33,555	\$ 72,579	\$ 106,134
Depreciation	(137,321)	(212,783)	(350,104)
Operating Income (Loss)	(103,766)	(140,204)	(243,970)
Operating Grants	0	0	0
Operating Transfers			
In	0	0	0
Out	0	0	0
Tax Revenue	0	0	0
Net Income (Loss)	(103,767)	(140,204)	(243,970)
Current Capital			
Contributions	0	0	0
Transfers	0	0	0
Proprietary, Plant, and Equipment	3,845,000	225,866	4,070,866
Additions	51,390	0	0
Deletions	0	0	0
Net Working Capital	236,873	205,315	442,188
Total Assets	3,855,315	480,153	4,335,468
Bonds and Other Long Term			
Liabilities	1,978,300	675,000	2,653,300
Payable From Operation Revenues	1,978,300	675,000	2,653,300
Payable From Other Services	<u>0</u>	<u>0</u>	<u>0</u>
Total Equity	<u>\$1,811,533</u>	<u>(\$230,818)</u>	<u>\$1,580,715</u>

Village of Burr Oak
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2008

INTERFUND RECEIVABLES AND PAYABLES

Interfund transactions between various governmental, special revenue and proprietary fund types occur during the fiscal year.

Principally, these transactions arise from operating subsidies. Transactions that have not resulted in the actual transfer of cash as of the end of the fiscal year are recorded as amounts due from (fund receivable) and due to (fund liability) other funds. For financial reporting purposes, current amounts are shown in the respective fund balance sheet. At the end of each fiscal year, the amount of interfund receivables is equal to the amount of interfund payables.

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		
Municipal Street	\$ 21,819	\$ 46,512
Sewer	17,916	611
Fire	44,295	0
Water	4,709	7,825
Local Street	7,564	0
Major Street	0	23,540
Major Street Fund		
General	23,540	0
Local		
Municipal		
Local Street Fund		
General	0	7,564
Major		
Municipal		
Municipal Street Fund		
General	48,887	24,430
Local		
Major		
Water Fund		
General	12,011	9,534
Sewer Fund		
General	610	23,690
Fire Fund		
General	14,418	52,063
	<u>\$ 195,769</u>	<u>\$195,769</u>

Village of Burr Oak
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2008

POST EMPLOYMENT BENEFITS – No benefits are available

DEFINED CONTRIBUTION PLAN

Effective Date: July 1, 1991, with an anniversary of March 31 of each year.

Eligibility: Any employee or independent contractor, of the village, who earns more than \$100 per calendar year.

Employee/Contractor Contributions: An employee/contractor may enter into the program by agreeing to contribute from 4.03% of their compensation to 25% of their compensation (the maximum shall be reduced by any contribution made by the Village). The employee's contribution shall be effective, the first of the month, following such election. The election may be changed, on the first of any month, by filing the appropriate form, with the Village Clerk, prior to the month the effects shall take place.

Village Contribution: The Village will contribute, for each employee that is not covered by the Village's 218 (Social Security) agreement, 3.75% of pay. The effect of the employee's and Village's contribution is to satisfy the required 7 ½% of total compensation retirement contribution necessary to meet the Social Security OAS & D 'substitute' requirements. Employees who are covered by Social Security will not receive any Village contributions.

Vesting: All Monies contributed by the employee/contractor and Village contributions will be 100% vested at all times.

Funding: All employee and Village contributions (except de minimus amounts) shall be paid into a variable annuity contract, issued by Northwestern Mutual Life Insurance Company. Payments shall be made quarterly providing a minimum of \$25 deposit (employee and Village combined). DeMinimus Amounts: If the total contributions by employee and village are less than \$25 per year, such amounts will be accumulated, at the Village, and paid without interest upon the employee's payment commencement date.

Payment Commencement Date: The employee may have the annuity contract begin benefit payments upon the later of the following:

1. separation of employment (or contractual agreement) with the Village
2. retirement (no later than age 70)
3. death
4. unforeseen financial emergency

Methods of Payments: The employee or beneficiary may elect any of the following distribution payments:

1. equal payments for life
2. equal payments for a specified period of time (5 years, 10 years, etc.)
3. equal payments over the employee's life and the life of a spouse or contingent annuitant.
4. lump-sum (if monies are withdrawn before eight years or not on account of the death of the employee/contractor a reducing surrender charge will be made)

DEFICIT RETAINED EARNINGS OF INDIVIDUAL FUNDS

Sewer Fund	(\$2,999,143)
Fire Fund	(\$18,428)

Village of Burr Oak
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2008

RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Village has participated in the Michigan Participating Plan since January 1, 1987. The plan covers general liability, non-owned/hired automobile liability, errors and omissions, property damage, and inland marine. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past 3 fiscal years.

The MTTP was created pursuant to the authority of a) Article 7, section 28, Michigan Constitution of 1963; b) Section 1 Chapter 124, Michigan Compiled Laws (PA No. 35, 1951, as amended by PA No. 138, 1982). The Village voted unanimously to enter into this cooperative action agreement October 2, 1986 and have continued their membership since.

Michigan Village Participating Plan Description

The Michigan Participating Plan was established April 1, 1985, pursuant to laws of the State of Michigan which authorize local units of government to exercise jointly any power, privilege or authority which each might exercise separately. The purpose of the plan is to jointly exercise powers common to each participating member; to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses occurring in the operation of its members; and to defend and protect, in accordance with this agreement, any member of the authority against liability or loss. The powers and duties created hereunder and the described activities of the plan are not intended to constitute the issuance of a policy of insurance. The members intend, in the creation of the plan, to establish an organization for joint risk management and have not created as between member and member any relationship for the debts of or claims against any member.

The MTTP, while it operates under the Michigan Legislation of PA 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Participating Plan. Due to this reinsurance purchase, there is no pooling risk between members. The plan has protected itself in the event of reinsurance becomes uncollectible by purchasing reinsurance treaties for uncollectible reinsurer. The Participating Plan chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverages 100 percents, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above the retention amount.

The Plan entered into a similar agreement with American Commercial Liability Insurance Company.

Village of Burr Oak
Notes to Financial Statements
For the Fiscal Year Ended March 31, 2008

RISK MANAGEMENT (cont'd)

Based on actuarial study performed by William M. Mercer, Inc., the MTTP had the following open case reserves and IBNR reserves at June 30, 1996 under these commutation agreements:

<u>Case Loss Reserves</u>	<u>IBNR Reserves</u>	<u>Total Reserves</u>
\$313,550	\$31,252	\$344,802

At June 30, 1996, the Plan has reinsurance limits in the amount of \$693,119 to cover the reserves.

The Plan has continued to use the services of Integrated Runoff Insurance Services Corporation (IRISC) to assist in formalizing loss reserve standards and in settling loss and loss adjustment expense reserves. IRISC has maintained its philosophy that the potential for governmental immunity should be ignored when setting case reserves, even though trends continue to indicate that average cases close for substantially less than the reserve estimates.

COMMITMENTS AND CONTINGENCIES

Management of the Village is not aware of any material commitments or contingent liabilities.

COMPENSATED ABSENCE

Vacation, sick leave, and other compensated absences – The Village of Burr Oak has no carry over vacation, sick pay, or compensated absences at the end of the current fiscal year. All compensated absences must be used during the fiscal year earned or they are lost.

GASB 34 REPORTING FINANCIAL

Village has elected not to convert to GASB 34 format, therefore assets owned by the Village such as buildings and equipment are not stated at current values as of March 31, 2008, also no current charge is being recorded for current year depreciation, other than in the proprietary funds. Accordingly the Management Discussion Analysis Letter, Statement of Net Assets, and Statement of Activities are not included per GASB 34 format.

Village of Burr Oak
General Fund
Balance Sheet
March 31, 2008

ASSETS

Cash & cash equivalents	\$367,806
State revenue receivable	17,997
Taxes - miscellaneous receivable	17,716
Due from other funds	50,929
Prepaid Insurance	<u>20,341</u>
Total Assets	<u><u>\$474,789</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$5,956
Due to State-Federal taxes	5,267
Due to other funds	<u>33,294</u>
Total Liabilities	44,517
Fund Balance	<u>430,272</u>
Total Liabilities and Fund Balance	<u><u>\$474,789</u></u>

Village of Burr Oak
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance Compared to Budget
For the Year Ended March 31, 2008

	Budget	Actual	Over (Under) Budget
Revenues			
Property tax/county 1 mil	\$114,204	\$125,192	\$10,988
Penalties and interest on taxes	0	0	0
Licenses and permits	3,480	3,778	298
State shared revenues	99,204	100,459	1,255
Charges for services	0	0	0
Fines and forfeits	504	1,644	1,140
Building and equipment rental	12,996	13,000	4
Reimbursement of expenses	2,496	0	(2,496)
Interest earned	7,500	16,590	9,090
Miscellaneous	1,224	5,922	4,698
Total Revenues	241,608	266,585	24,977
Expenditures			
Legislative	6,060	4,240	(1,820)
Executive	15,408	12,069	(3,339)
Elections	0	0	0
Financial administration	11,088	7,415	(3,673)
Other general government	214,404	185,236	(29,168)
Police Department	73,632	69,456	(4,176)
Inspection	420	80	(340)
Highways, streets, bridges	20,004	18,696	(1,308)
Sanitation/DPW	36,073	33,691	(2,382)
Leaf pick-up	10,824	6,790	(4,034)
Cultural	5,004	3,750	(1,254)
Recreation	11,184	10,125	(1,059)
Contributions to other units	27,492	30,098	2,606
Other functions	24,840	29,838	4,998
Total Expenditures	456,433	411,484	(44,949)
Excess of Revenues Over (Under) Expenditures	(214,825)	(144,899)	69,926
Other Financing Sources (Uses)			
Operating Transfers - In	0	0	0
Operating Transfers - Out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(\$214,825)	(\$144,899)	\$69,926

The Notes to the Financial Statements are an integral part of this statement.

Village of Burr Oak
General Fund
Statement of Expenditures

	Years Ended March 31,	
	2008	2007
LEGISLATIVE		
Village Council - salaries	\$4,240	\$3,840
Total Legislative	4,240	3,840
EXECUTIVE		
Village President - salary	900	900
Capital outlay	0	0
Travel/dues/supplies	2,277	2,523
Administrative payroll	8,892	7,163
Total Executive	12,069	10,586
ELECTIONS		
Election expense:		
Wages	0	0
Printing and publishing	0	0
Auto expense/postage/miscellaneous	0	0
Board of canvassers	0	0
Total Elections	0	0
FINANCIAL ADMINISTRATION		
General village expenses:		
Postage and freight	650	677
Office supplies	0	0
Printing and publishing	0	0
Travel and miscellaneous	0	0
Capital equipment	788	2,843
Professional services	0	0
Telephone	0	0
Total General Administration	1,438	3,520
Clerk:		
Salary	950	950
Office supplies	105	0
Printing	0	0
Professional and miscellaneous	3,195	2,503
Total Clerk	4,250	3,453

The Notes to the Financial Statements are an integral part of this statement.

Village of Burr Oak
Statement of General Fund Expenditures - Continued

	Years Ended March 31,	
	2008	2007
FINANCIAL ADMINISTRATION - Continued		
Treasurer:		
Salary	850	850
Postage/telephone/data processing	803	772
Auto expense	47	62
Miscellaneous	27	37
Total Treasurer	1,727	1,721
Total Financial Administration	7,415	8,694
OTHER GENERAL GOVERNMENT		
Village Hall and grounds		
Salaries	685	449
Electricity	0	742
Heat	0	218
Insurance	228	128
New equipment/improvements	175,405	7,692
Supplies	178	161
Miscellaneous	6,924	1,863
Repairs and maintenance	1,816	840
Total Other General Government	185,236	12,093
POLICE DEPARTMENT		
General operating expenses:		
Salaries and wages	42,949	40,718
Supplies	349	501
Repairs and maintenance	0	237
Communications	1,012	1,119
Auto expenses	2,076	1,770
Insurance and bonds	3,951	4,024
Postage/uniforms/miscellaneous	14,352	14,960
New equipment	0	750
Dues	75	235
Employer's benefits	4,692	4,235
Total Police Department	69,456	68,549

Village of Burr Oak
Statement of General Fund Expenditures - Continued

	Years Ended March 31,	
	2008	2007
INSPECTION		
Building-contractual services	0	0
Flood control:		
Salaries	80	192
Supplies	0	0
Total Inspection	80	192
HIGHWAYS, STREETS, AND BRIDGES		
Street lighting	18,696	18,459
Total Highways, Streets, and Bridges	18,696	18,459
SANITATION DEPARTMENT OF PUBLIC WORKS		
Salaries	14,180	13,325
Rental/miscellaneous	1,202	1,482
Supplies/uniforms/gas/repairs	8,097	3,056
Utilities/insurance	10,212	9,211
Capital Outlay	0	17,072
Total Sanitation Department of Public Works	33,691	44,146
LEAF PICK-UP		
General operating expenses:		
Salaries	4,944	2,831
Supplies	1,846	1,254
Capital Outlay	0	0
Total Leaf Pick-Up	6,790	4,085
CULTURAL		
Contribution to Village of Burr Oak		
Library Board	3,750	5,000
Total Cultural	3,750	5,000
RECREATION		
General operating expenses:		
Salaries	3,281	3,502
Operating supplies-miscellaneous	3,046	2,153
Repairs and maintenance	1,291	629
Equipment - capital improvements	2,507	1,445
Total Recreation	10,125	7,729

The Notes to the Financial Statements are an integral part of this statement.

Village of Burr Oak
Statement of General Fund Expenditures - Continued

	Years Ended March 31,	
	2008	2007
CONTRIBUTIONS TO OTHER UNITS		
Fire	30,098	36,044
Total Contributions to Other Units	30,098	36,044
OTHER FUNCTIONS		
General operating expenses:		
Legal	2,041	13,196
Miscellaneous	14,544	3,856
Data processing/tax roll and statements	960	675
Employees' hospitalization insurance	3,256	2,849
Audit fees	680	456
Insurance and bonds	5,734	7,433
Promotional	0	0
Social security - Village share	2,623	883
Total Other Functions	29,838	29,348
Total General Fund Expenditures	\$411,484	\$248,765

Village of Burr Oak
General Fund
Statement of Changes in Fund Balance

	Years Ended March 31,	
	2008	2007
BALANCE - BEGINNING	\$575,171	\$564,566
Add: Excess of revenues over expenditures	(144,899)	10,606
BALANCE - ENDING	<u>\$430,272</u>	<u>\$575,172</u>

Village of Burr Oak
Combining Balance Sheet - Special Revenue Funds
March 31, 2008

	<u>Major Street</u>	<u>Local Street</u>	<u>Municipal Street</u>	<u>Fire</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and Interest Bearing Deposits	\$262,621	\$29,889	\$32,646	\$10,946	\$336,102
Accounts Receivable - State	8,930	3,423	0	0	12,353
Accounts Receivable - Taxes	0	0	5,725	1,912	7,637
Other Assets	1,120	473	0	7,090	8,683
Due From Other Funds	<u>0</u>	<u>0</u>	<u>48,887</u>	<u>14,598</u>	<u>63,485</u>
Total Assets	<u>\$272,671</u>	<u>\$33,785</u>	<u>\$87,258</u>	<u>\$34,546</u>	<u>\$428,260</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$107	\$158	\$13	\$911	\$1,189
Due to Other Funds	<u>(23,540)</u>	<u>7,564</u>	<u>24,430</u>	<u>52,063</u>	<u>60,517</u>
Total Liabilities	(23,433)	7,722	24,443	52,974	61,706
Fund Equity					
Fund Balance	<u>296,104</u>	<u>26,063</u>	<u>62,815</u>	<u>(18,428)</u>	<u>366,554</u>
Total Liabilities and Fund Equity	<u>\$272,671</u>	<u>\$33,785</u>	<u>\$87,258</u>	<u>\$34,546</u>	<u>\$428,260</u>

Village of Burr Oak
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
All Special Revenue Funds
For the Year Ended March 31, 2008

	Major Street	Local Street	Municipal Street	Fire	Total
Revenues					
Interest	\$6,392	\$349	\$381	\$6	\$7,128
Property Taxes	0	0	35,493	0	35,493
State Grants	50,627	19,399	0	0	70,026
Other Revenue	0	0	0	55,372	55,372
Total Revenues	57,019	19,748	35,874	55,378	168,019
Expenditures					
Public Works	49,032	25,835	26,232	0	101,099
Public Safety	0	0	0	37,247	37,247
Total Expenditures	49,032	25,835	26,232	37,247	138,345
Excess of Revenues Over (Under) Expenditures	7,987	(6,087)	9,642	18,131	29,673
Other Financing Sources (Uses)					
Transfers In - General Fund	0	0	0	0	0
Transfers Out - General Fund	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	7,987	(6,087)	9,642	18,131	29,673
Prior Period Adjustment					0
Fund Balance - Beginning of the Year	288,116	32,150	53,173	(36,559)	336,880
Fund Balance - End of the Year	<u>\$296,103</u>	<u>\$26,063</u>	<u>\$62,815</u>	<u>(\$18,428)</u>	<u>\$366,553</u>

Village of Burr Oak
Major Street Fund
Statement of Revenues, Expenditures and Changes in Fund Balance Compared to Budget
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual 2008</u>	<u>Over (Under) Budget</u>
Revenues			
State Shared Revenue	\$46,224	\$48,914	\$2,690
Michigan State Building Fund	1,404	1,713	309
Miscellaneous - Interest	<u>3,000</u>	<u>6,392</u>	<u>3,392</u>
Total Revenues	50,628	57,019	6,390
Expenditures			
Highway, streets and bridges			
building and equipment rental	6,000	6,000	0
Administrative salary	3,384	2,638	(746)
Routine maintenance:			
Salaries	5,160	5,974	814
Operating supplies	2,064	98	(1,966)
Repairs and maintenance	28,548	29,724	1,176
Audit, legal, professional	576	480	(96)
Insurance	3,228	2,478	(750)
Employer's social security taxes	588	550	(38)
Utilities - Miscellaneous	<u>732</u>	<u>1,090</u>	<u>358</u>
Total Expenditures	<u>50,280</u>	<u>49,032</u>	<u>(1,249)</u>
Excess of Revenues Over (Under)			
Expenditures	348	7,987	7,639
Other Financing Sources (Uses)			
Operating Transfers - Out	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over			
(Under) Expenditures and Other Uses	<u><u>\$348</u></u>	<u><u>\$7,987</u></u>	<u><u>\$7,639</u></u>

Village of Burr Oak
Major Street Fund
Statement of Changes in Fund Balance

	Years Ended March 31,	
	2008	2007
BALANCE - BEGINNING	\$288,117	\$268,566
Add: Excess (deficiency) of revenues over expenditures	7,987	19,551
BALANCE - ENDING	<u>\$296,104</u>	<u>\$288,117</u>

Village of Burr Oak
Local Street Fund
Statement of Revenues, Expenditures and Changes in Fund Balance Compared to Budget
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual 2008</u>	<u>Over (Under) Budget</u>
Revenues			
Michigan State Funds	\$648	\$656	\$8
State Shared Revenue	20,004	18,743	(1,261)
Interest	<u>300</u>	<u>349</u>	<u>49</u>
Total Revenues	20,952	19,748	(1,204)
Expenditures			
Highway, streets and bridges			
building and equipment rental	3,504	3,500	(4)
Administrative salary	2,748	2,205	(543)
Routine maintenance:			
Salaries	4,212	4,925	713
Operating supplies	624	82	(542)
Repairs and maintenance	5,100	11,769	6,669
Audit, legal, professional	576	480	(96)
Insurance	2,268	1,647	(621)
Employer's social security taxes	576	545	(31)
Advertising/utilities/miscellaneous	<u>876</u>	<u>682</u>	<u>(194)</u>
Total Expenditures	<u>20,484</u>	<u>25,835</u>	<u>5,351</u>
Excess of Revenues Over (Under)			
Expenditures	468	(6,087)	(6,555)
Other Financing Sources (Uses)			
Operating Transfers - Out	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$468</u>	<u>(\$6,087)</u>	<u>(\$6,555)</u>

Village of Burr Oak
Local Street Fund
Statement of Changes in Fund Balance

	Years Ended March 31,	
	2008	2007
BALANCE - BEGINNING	\$32,150	\$30,757
Add: Excess (deficiency) of revenues over (under) expenditures	<u>(6,087)</u>	<u>1,393</u>
BALANCE - ENDING	<u><u>\$26,063</u></u>	<u><u>\$32,150</u></u>

Village of Burr Oak
Municipal Street Fund
Statement of Revenues, Expenditures and Changes in Fund Balance Compared to Budget
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual 2008</u>	<u>Over (Under) Budget</u>
Revenues			
Property Taxes	\$28,452	\$35,493	\$7,041
Interest and Penalties	300	381	81
Sidewalk Construction	0	0	0
Reimbursements	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	28,752	35,874	7,122
Expenditures			
Insurance	1,872	1,266	(606)
Salaries and wages	7,380	7,360	(20)
Equipment rental and supplies	4,728	166	(4,562)
Audit and legal fees	1,200	480	(720)
Employer's social security taxes - miscellaneous	<u>7,728</u>	<u>16,960</u>	<u>9,232</u>
Total Expenditures	22,908	26,232	3,324
Excess of Revenues Over (Under) Expenditures	5,844	9,642	3,798
Other Financing Sources (Uses)			
Operating Transfers - Out	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u><u>\$5,844</u></u>	<u><u>\$9,642</u></u>	<u><u>\$3,798</u></u>

Village of Burr Oak
Municipal Street Fund
Statement of Changes in Fund Balance

	Years Ended March 31,	
	2008	2007
BALANCE - BEGINNING	\$53,174	\$40,828
Add: Excess (deficiency) of revenues over (under) expenditures	<u>9,642</u>	<u>12,346</u>
BALANCE - ENDING	<u><u>\$62,816</u></u>	<u><u>\$53,174</u></u>

Village of Burr Oak
Fire Fund
Statement of Revenues, Expenditures and Changes in Fund Balance Compared to Budget
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual 2008</u>	<u>Over (Under) Budget</u>
Revenues			
Charges for Services	\$2,400	\$1,300	(\$1,100)
Contributions - Township & Village	54,996	54,072	(924)
Interest Earned - Deposits	12	6	(6)
Fire Truck	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	57,408	55,378	(2,030)
Expenditures			
Administration	6,600	4,950	(1,650)
Fire Department	39,144	21,392	(17,752)
Station and building	2,664	2,435	(229)
New equipment	<u>9,000</u>	<u>8,470</u>	<u>(530)</u>
Total Expenditures	57,408	37,247	(20,161)
Excess of Revenues Over (Under) Expenditures	0	18,131	18,131
Other Financing Sources (Uses)			
Operating Transfers - In	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u><u>\$0</u></u>	<u><u>\$18,131</u></u>	<u><u>\$18,131</u></u>

Village of Burr Oak
Fire Fund
Statement of Changes in Fund Balance

	Years Ended March 31,	
	2008	2007
BALANCE - BEGINNING	(\$36,559)	\$30,833
Add: Excess (deficiency) of revenues over (under) expenditures	<u>18,131</u>	<u>(67,393)</u>
BALANCE - ENDING	<u><u>(\$18,428)</u></u>	<u><u>(\$36,560)</u></u>

Village of Burr Oak
Fire Fund
Statement of Expenditures

	Years Ended March 31,	
	2008	2007
<hr/>		
ADMINISTRATION		
Salary - chief and assistant	\$4,500	\$6,000
Board meetings	450	600
	<hr/>	<hr/>
Total Administration	4,950	6,600
FIRE DEPARTMENT		
Salaries and wages	7,578	10,770
Audit/legal fees	586	558
Gas, oil, parking, truck		0
Insurance	8,265	11,702
Miscellaneous and supplies	4,963	8,452
	<hr/>	<hr/>
Total Fire Department	21,392	31,482
STATION AND BUILDING		
Heat and electricity	2,435	2,628
Repairs and maintenance	0	0
	<hr/>	<hr/>
Total Station and Building	2,435	2,628
NEW EQUIPMENT	<hr/>	<hr/>
	8,470	82,089
Total Expenditures	<hr/> <hr/>	<hr/> <hr/>
	\$37,247	\$122,799

Village of Burr Oak
Water Supply System
Balance Sheet
March 31, 2008

ASSETS

CURRENT ASSETS

Cash Balances:

Operating and Maintenance	\$302,353
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Prepaid Insurance/Expense	1,668
---------------------------	-------

Water Billings Receivable	9,334
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Tax Receivable	5,655
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Due From Other Funds	<u>12,012</u>
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Total Current Assets	28,669
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FIXED ASSETS

At cost of \$3,845,000, net of accumulated depreciation of \$320,707	<u>3,524,293</u>
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Total Assets	<u><u>\$3,855,314</u></u>
--------------	---------------------------

The Notes to the Financial Statements are an integral part of this statement.

LIABILITIES, RESERVES, CONTRIBUTIONS AND RETAINED EARNINGS

CURRENT LIABILITIES

Accounts Payable	\$1,602
Bonds Payable	20,000
Accrued Interest Payable	34,344
Due to Other Funds	<u>9,535</u>
Total Current Liabilities	65,481

LONG TERM DEBT

Bonds Payable	<u>1,978,300</u>
Total Long Term Liabilities	<u>1,978,300</u>
Total Liabilities	2,043,781

CONTRIBUTIONS - Municipality	370
CONTRIBUTIONS - USDA Grant	1,808,700

RETAINED EARNINGS	<u>2,463</u>
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Total Contributions and Retained Earnings	<u>1,811,533</u>
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Total Liabilities, Reserves, Contributions and Retained Earnings	<u><u>\$3,855,314</u></u>
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Village of Burr Oak
Water Supply System
Statement of Revenues and Expenses
For the Year Ended March 31, 2008

REVENUES

Water Billings	\$172,559
Interest on Investments	<u>12,110</u>
Total Revenues	184,669

OTHER EXPENSES

Maintenance salaries	16,820
Village Officer Salaries	9,964
Payroll taxes - benefits	5,185
Office supplies and postage	1,828
Operating supplies	2,262
Repairs and maintenance	5,592
Professional fees	1,814
Telephone, advertising and insurance	2,284
Utilities	14,494
Interest	82,396
Miscellaneous	<u>8,476</u>
Total Operating Expenses Before Depreciation	<u>151,115</u>

NET OPERATING INCOME (LOSS) BEFORE
DEPRECIATION

33,554

Less: Depreciation	<u>(137,321)</u>
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NET OPERATING INCOME (LOSS)

(103,767)

Less non-operating expenses:

Appropriated to General Fund	<u>0</u>
------------------------------	----------

NET EARNINGS (LOSS)

(\$103,767)

Village of Burr Oak
Water Supply System
Statement of Changes in Retained Earnings
For the Year Ended March 31, 2008

RETAINED EARNINGS - APRIL 1, 2007	\$106,230
Net (loss) Earnings - Current Year	<u>(103,766)</u>
RETAINED EARNINGS - MARCH 31, 2008	<u><u>\$2,464</u></u>

Village of Burr Oak
Water Fund
Statement of Cash Flows
For the Year Ended March 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$171,971
Cash payments to suppliers for goods and services	(128,747)
Cash payments to employees for services	<u>(26,783)</u>
Net cash provided (used) by operating activities	16,441

CASH FLOWS FROM (TO) NONCAPITAL FINANCING ACTIVITIES:

Payments from (to) other funds	0
Grant receipts	0
Sale of bonds - Payment on Bond - Net	<u>31,300</u>
Net cash provided (used) by noncapital financing activities	31,300

CASH FLOWS FROM (USED) INVESTING ACTIVITIES

Interest on investments	12,110
Investment - Equipment - Infrastructure	<u>(51,390)</u>
Net cash provided (used) by investing activities	<u>(39,280)</u>
Net (decrease) in cash and cash equivalents	8,461
Cash and cash equivalents at beginning of year	<u>293,892</u>
Cash and cash equivalents at end of year	<u><u>\$302,353</u></u>

Village of Burr Oak
Water Fund
Reconciliation of Net Income to Net Cash Flows From Operating Activities
For the Year Ended March 31, 2008

Net Income	\$33,555
Adjustments to reconcile net income to net cash provided by operating activities:	
Change in receivables	6,364
Change in accrued expenses	(35,588)
Nonoperating income	<u>12,110</u>
Net cash provided (used) by operating activities	<u><u>\$16,441</u></u>

SUPPLEMENTAL DISCLOSURES

Noncash Investing, Capital and Financing Transactions:

Currently no noncash investing and financing transactions exist.

Village of Burr Oak
Water Supply System
Statement of Earnings Compared to Budget
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Water Billings	\$165,324	\$172,559	\$7,235
Interest on Investments	<u>8,400</u>	<u>12,110</u>	<u>3,710</u>
Total Revenues	173,724	184,669	10,945
OTHER EXPENSES			
Maintenance salaries	13,482	16,820	3,338
Village Officer Salaries	9,540	9,964	424
Payroll taxes - benefits	5,748	5,185	(563)
Office supplies and postage	1,608	1,828	220
Operating supplies	1,860	2,262	402
Repairs and maintenance	6,096	5,592	(504)
Professional fees	3,408	1,814	(1,594)
Telephone, advertising and insurance	2,352	2,284	(68)
Utilities	9,000	14,494	5,494
Interest	84,000	82,396	(1,604)
Miscellaneous	<u>36,480</u>	<u>8,476</u>	<u>(28,004)</u>
Total Operating Expenses Before Depreciation	<u>173,574</u>	<u>151,115</u>	<u>(22,459)</u>
NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION	150	33,554	33,404
Less: Depreciation	<u>0</u>	<u>(137,321)</u>	<u>(137,321)</u>
NET OPERATING INCOME (LOSS)	150	(103,767)	(103,917)
Less non-operating expenses:			
Appropriated to General Fund	<u>0</u>	<u>0</u>	<u>0</u>
NET EARNINGS (LOSS)	<u><u>\$150</u></u>	<u><u>(\$103,767)</u></u>	<u><u>(\$103,917)</u></u>

Village of Burr Oak
Sewer Fund
Balance Sheet
March 31, 2008

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$229,012
Accounts receivable - customers	20,824
Due from other fund	610
Prepaid insurance	<u>3,841</u>
Total Current Assets	254,287

FIXED ASSETS

At cost of \$3,545,795, net of accumulated depreciation of \$3,319,929	<u>225,866</u>
Total Assets	<u><u>\$480,154</u></u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable - interest payable	\$12,282
Bonds payable - FHA	13,000
Due to other funds	<u>23,690</u>
Total Current Liabilities	48,972

NON-CURRENT LIABILITIES

Bonds payable - FHA	<u>662,000</u>
Total Liabilities	710,972

EQUITY

Contributed capital	2,768,326
Retained earnings (Deficit)	<u>(2,999,144)</u>
Total Equity	<u>(230,818)</u>
Total Liabilities and Equity	<u><u>\$480,154</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Village of Burr Oak
Sewer Fund
Statement of Revenues and Expenses
For the Year Ended March 31, 2008

REVENUES

Interest	\$9,728
Sales	<u>230,668</u>
Total Revenues	240,396

OPERATING EXPENSES

Maintenance wages	11,235
Administrative salaries	9,781
Payroll Taxes - benefits	5,340
Supplies and postage	907
Interest	35,753
Repairs/maintenance/supplies	7,451
Professional fees	10,293
Telephone/insurance	7,867
Utilities/treatment	74,403
Miscellaneous-Capital Outlay	<u>4,787</u>
Total Operating Expenses Before Depreciation	<u>167,817</u>

NET OPERATING INCOME (LOSS) BEFORE
DEPRECIATION

72,579

Less: Depreciation

(212,783)

NET OPERATING INCOME (LOSS)

(140,204)

Less non-operating expenses:

Appropriated to General Fund

0

NET EARNINGS (LOSS)

(\$140,204)

Village of Burr Oak
Sewer Fund
Statement of Changes in Retained Earnings
March 31, 2008

RETAINED EARNINGS - APRIL 1, 2007	(\$2,858,939)
Current Net Income (Loss)	<u>(\$140,204)</u>
RETAINED EARNINGS - MARCH 31, 2008	<u><u>(\$2,999,144)</u></u>

Village of Burr Oak
Sewer Fund
Statement of Cash Flows
For the Year Ended March 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$225,904
Cash payments to suppliers for goods and services	(149,954)
Cash payments to employees for services	<u>(21,016)</u>
Net cash provided (used) by operating activities	54,934

CASH FLOWS FROM (TO) NONCAPITAL FINANCING ACTIVITIES:

Net payments from (to) other funds	(100,226)
Payment - bonds	<u>0</u>
Net cash provided (used) by noncapital financing activities	(100,226)

CASH FLOWS FROM (USED) INVESTING ACTIVITIES

Interest earned	<u>9,728</u>
Net cash provided (used) by investing activities	<u>9,728</u>
Net (decrease) in cash and cash equivalents	(35,564)
Cash and cash equivalents at beginning of year	<u>264,576</u>
Cash and cash equivalents at end of year	<u><u>\$229,012</u></u>

Village of Burr Oak
Sewer Fund
Reconciliation of Net Income to Net Cash Flows From Operating Activities
For the Year Ended March 31, 2008

Net Income(Loss)	\$72,579
Adjustments to reconcile net income to net cash provided by operating activities:	
Change in accounts payable/accrued expenses	(32,565)
Nonoperating (income)	9,728
Change in accounts receivable	<u>5,192</u>
Net cash provided (used) by operating activities	<u><u>\$54,934</u></u>

SUPPLEMENTAL DISCLOSURES

Noncash Investing, Capital and Financing Transactions:

Currently no noncash investing and financing transactions exist.

Village of Burr Oak
Sewer Fund
Statement of Bonded Indebtedness
For the Year Ended March 31, 2008

ISSUE DATE SEPTEMBER 1, 1993 IN THE AMOUNT OF	\$797,000
Less: bonds paid in prior years	110,000
Bonds due and paid on September 1, 2007	<u>12,000</u>
Balance outstanding - March 31, 2008	<u><u>\$675,000</u></u>

Bonds payable as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2008	13,000	2021	25,000
2009	14,000	2022	27,000
2010	14,000	2023	28,000
2011	15,000	2024	30,000
2012	16,000	2025	31,000
2013	17,000	2026	33,000
2014	18,000	2027	35,000
2015	19,000	2028	36,000
2016	20,000	2029	37,000
2017	21,000	2030	39,000
2018	22,000	2031	39,000
2019	23,000	2032	39,000
2020	24,000	2033	<u>40,000</u>
			<u><u>\$675,000</u></u>

The above Sewer Supply System Revenue Bonds are payable annually on September 1, with interest at 5.25% payable March 1 and September 1.

Principal of this bond is subject to prepayment prior to maturity, in inverse chronological order, at the issuer's option, on any interest payment date on or after September 1, 2007, accrued interest to the date fixed for prepayment.

The sewer fund's resources are the source of funds to repay the long-term debt of the bonds.

Village of Burr Oak
Sewer Fund
Statement of Earnings Compared to Budget
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Interest	\$4,500	\$9,728	\$5,228
Sales	<u>213,840</u>	<u>230,668</u>	<u>16,828</u>
Total Revenues	218,340	240,396	22,057
OPERATING EXPENSES			
Maintenance wages	13,884	11,235	(2,649)
Administrative salaries	9,540	9,781	241
Payroll Taxes - benefits	6,342	5,340	(1,002)
Supplies and postage	990	907	(83)
Interest	36,096	35,753	(344)
Repairs/maintenance/supplies	7,704	7,451	(253)
Professional fees	6,696	10,293	3,597
Telephone/insurance	8,088	7,867	(221)
Utilities/treatment	83,340	74,403	(8,937)
Miscellaneous-Capital Outlay	<u>27,426</u>	<u>4,787</u>	<u>(22,639)</u>
Total Operating Expenses Before Depreciation	<u>200,106</u>	<u>167,817</u>	<u>(32,289)</u>
NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION	18,234	72,579	(54,345)
Less: Depreciation	<u>0</u>	<u>(212,783)</u>	<u>(212,783)</u>
NET OPERATING INCOME (LOSS)	18,234	(140,204)	158,438
Less non-operating expenses:			
Appropriated to General Fund	<u>0</u>	<u>0</u>	<u>0</u>
NET EARNINGS (LOSS)	<u><u>\$18,234</u></u>	<u><u>(\$140,204)</u></u>	<u><u>\$158,438</u></u>

Village of Burr Oak

General Fixed Assets Account Group

	Years Ended March 31,	
	2008	2007
ASSETS		
Land	\$16,800	\$16,800
Land Improvements	8,208	8,208
Buildings and accessories	103,267	103,267
Machinery and equipment	674,311	622,921
Total Assets	<u>\$802,586</u>	<u>\$751,196</u>
INVESTMENT IN GENERAL FIXED ASSETS	<u>\$802,586</u>	<u>\$751,196</u>

David F. Locey, C.P.A., P.C.

P.O. Box 7037
67036 N. M-66
Sturgis, Michigan 49091

Phone (269) 651-4225
Fax (269) 651-1989

666 C-1 E. Main Street
Centreville, MI 49032

Phone (269)-467-4861
Fax (269)-467-4863

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Village of Burr Oak Board
Burr Oak, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Burr Oak, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Village of Burr Oak, Michigan's basic financial statements and have issued our report thereon dated August 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Burr Oak, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Burr Oak, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, Village Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'D. Looney', is positioned above the printed name.

David F. Looney, CPA, PC
August 23, 2008

David F. Locey, C.P.A., P.C.

P.O. Box 7037
67036 N. M-66
Sturgis, Michigan 49091

666 C-1 E. Main Street
Centreville, MI 49032

Phone (269) 651-4225
Fax (269) 651-1989

Phone (269)-467-4861
Fax (269)-467-4863

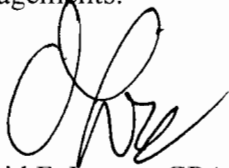
COMMENTS AND RECOMMENDATIONS

To Board of
Village of Burr Oak

We appreciate the opportunity of examining the records for the Village of Burr Oak for the year ended March 31, 2008. In the process of the examination we came across the following findings or recommendations which we feel need to be reviewed:

1. We will provide you with the March 31, 2008 audit adjustments, these need to be posted immediately so that the balances you are looking at on a monthly basis are correctly stated in each of the funds. After posting the adjustments please, fax us copies of all fund's trial balances as of March 31, 2008.
2. Review the various funds to see where possibly you can consolidate certificates of deposit into one fund.
3. Receiving a simplified monthly report for use by the board would be helpful in understanding current financial position and budget controls.
4. Monthly recaps need to be performed on the due to/due from accounts to insure that all entries are in balance. During the current year end an adjustment had to be made to general fund because they were not in balance. This is caused by paying a bill for a fund through another fund, then not recording the liability that the fund owes the fund that paid the bill.
5. Any training needed for newer employees on fund accounting/computer work could be provided by our firm at an agreed upon amount.

The assistance given during the audit was very much appreciated and we look forward to future engagements.



David F. Locey, CPA, PC
August 23, 2008